



ECPA Review

December 8 & 9, 2014

Rose Marie Gage, CEO
Bruce Fraser, Fraser Energy Consulting
Michelle Vieira, Director of Operations,
Member Relations and Customer Service



Agenda

- Who is Ag Energy Co-operative Ltd.?
- How does Ag Energy Co-op differ from other energy Retailers?
- ECPA Concerns
- ECPA Recommendations
- Summary

Fact

Who is Ag Energy Co-operative Ltd.?

- Founded by Ontario greenhouses in 1988
- An independent, agriculturally focused, co-op that specializes in energy solutions for its membership
- Our role is to commercialize energy policy for the benefit of agriculture: producers, processors, agri-tech and all – by minimizing costs and de-risking energy spend
- Member Owned and governed – a made in Ontario solution!
- Annual sales of \$45 million and a break-even costing model.
- Profits are distributed back to Members as dividends, patronage rebates or enhanced share value.
- Close with OFA, OAFT, FCO, TOGA, OGVG and other associations to ensure the Ag economy is supported



How are Co-ops Different?*

Co-ops balance their energies between economic and social concerns. Co-operatives differ from other businesses in three key ways:



A Different Purpose: The primary purpose is to meet the common needs of their members, whereas the primary purpose of most investor-owned businesses is to maximize profit for shareholders.

A Different Control Structure: Co-operatives use the one-member/one-vote system, not the one-vote-per-share system used by most businesses. This helps serve the common need rather than the individual need, and is a way to ensure that people, not capital, control the organization.

A Different Allocation of Profit: Co-operatives share profits among their member-owners on the basis of how much they use the co-op, not on how many shares they hold. Surplus profits are returned to members and, therefore, remain within the community. Co-operatives also tend to invest their profits in improving service to members and promoting the well-being of their communities.

http://www.ontario.coop/coops_are_cool/different.html



Ag Energy is Unique

We provide competitive energy prices and products that suit our members' risk tolerance.

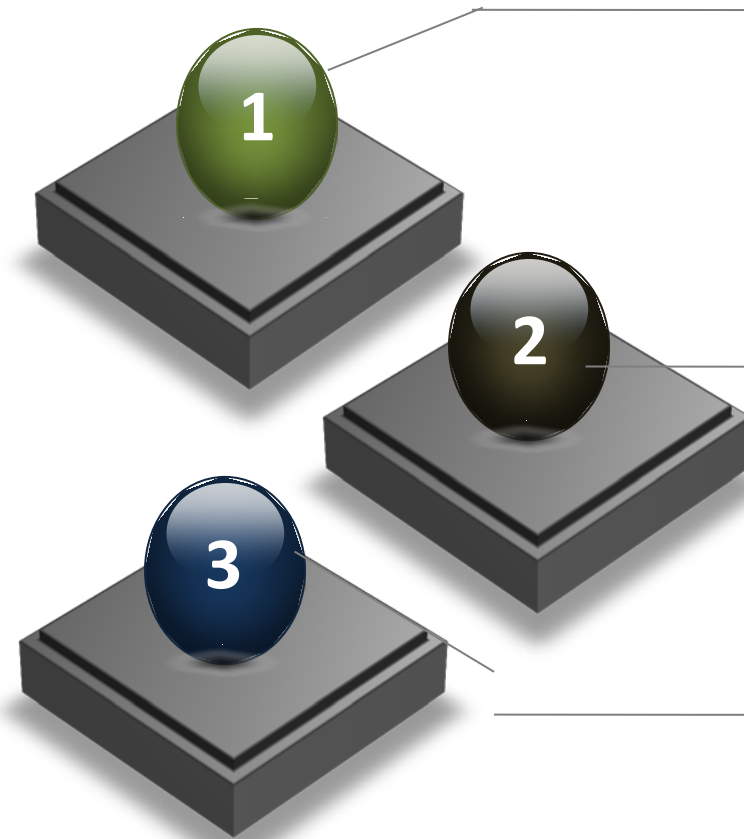
We also provide dividends, patronage and enhanced share value when profits are generated!

We offer:

- *Fixed prices for one or more years*
- *Floating prices*
- *Large and small volumes per member (currently non-ECPA)*
- *Possible multiple sites and meters per member*
- *Assist in balancing wherever possible and feasible – for the greater good of the Membership*



ECPA Concerns



High Cost of Execution

- With small number of participants when dealing with a break even model
- With reporting requirements and rigour, especially when a self-regulated, Member driven model

Low volume rules

- Requires review to ensure that the “red tape” is eliminated for those who wish to “waive” their right due to existing knowledge or Co-op ownership

High Cost to Serve

- For those who only serve a small group and do not participate in door to door or high pressure sales and are small in size, it is high cost to serve
- Current process forced Ag Energy to exit the business.

Recommendations

Create a Co-op offered exemption / waiver from ECPA rules and requirements

- *Waiver would apply to all members of any licensed Ontario energy co-operative.*
- *Declaration / waiver from member requesting the exemption if at ECPA levels*
- *Require proof of Co-op or Agricultural orientation or similar status to qualify*
- *Exemption precedent is used by Hydro One for Regulated Price Plan*
- *Does not discriminate owners / members, large and small benefit from low energy prices and collaborative efforts of their community as Co-ops are self-regulated*

Recommendations - continued

Streamline ECPA process for customers with multiple meters

- Apply to only non-residential customers or residential and business customer combined (i.e. farm house and business)
- All locations covered by same contract
- All terms and conditions are the same for all locations

Recommendations - continued

Enhance the ECPA Process to further protect the consumer

- *Hotline for consumer to acquire real time feedback on licensed retailers*
- *Web access with similar information*
- *Dashboard of information which provides a rating score based upon the number of infractions or complaints received in each calendar year*

Summary

- Ag Energy Co-operative Ltd. is different from other retailers – it is owned by the people who it serves.
 - Members benefit with competitive energy, trusted advice and distribution of profits via dividends, patronage and enhanced share value
- Exemption / waiver for co-op members from ECPA requirements due to ownership and a self-regulating model
- Treat customers with multiple meters as one entity (red tape reduction)
- Provide additional consumer information sources to ensure independent and current information

Thank You!

Contacts: Rose Marie Gage, Chief Executive Officer
Michelle Vieira, Director Operations, Member Relations & Customer Service
Bruce Fraser, Fraser Energy Consulting

